

**ILLINOIS GAS COMPANY**

Section 285.4010 Schedule D-1

Historical Test Year

12 Months Ended December 31

**COST OF CAPITAL SUMMARY**

Lori A. Uhl, Assistant Treasurer &amp; Comptroller

618-395-8588

**ICC Docket 04-XXXX**

Line No.	Account Number	Account Description	Balance as of 3/31/2004	May 2004 Re-finance Adjustments	Proforma			
	(a)	(b)	(c)	(d)	(e)			
1	Short-term Debt							
2	231300	Notes Payable-Old Natl 5530	250,000	(250,000)	-			
3	231400	Notes Payable-Integra Bnk 0012	150,000	(50,000)	100,000			
4	231500	Notes Payable-First Comm 2136	50,000	-	50,000			
5	231600	Notes Payable-FNB Olney 7462	150,000	-	150,000			
6	231800	Notes Payable-PeoplesState9737	200,000	-	200,000			
7	231900	Notes Payable-Casey State	200,000	(75,615)	124,385			
8		Total Short-term Debt			624,385			
9	Long-term Debt							
10	224100	Othr LT Debt-First Comm 2542	1,824,385	1,375,615	3,200,000			
11	224200	Othr LT Debt-First Comm 0424	1,000,000	(1,000,000)	-			
12		Total Long-term Debt			3,200,000			
13								
14	Stockholder's Equity							
15	201000	Common Stock Issued	297,214					
16	216000	Unappropriated Retained Earnings	2,320,229					
17	216100	Unapprop Undistrb SubEarn USDI	318,893					
18	216150	Unapprop Undistrb SubEarn USSI	(7,190)					
19	217000	Reacquired Capital Stock (Treas)	(387,239)					
20		1st Quarter Earnings	269,012					
21	438000	Dividends Declared-Common Stoc	(28,800)					
22		Total Retained Earnings	2,782,120					
23								
24								
25								
26	<b>Cost of Capital</b>		<b>Amount</b>	<b>% of Total</b>	<b>% Cost</b>	<b>Weighted Cost</b>	<b>Effective Tax Rate</b>	<b>After Tax Capital Cost</b>
27	Short Term Debt		624,385	9.45%	4.80%	0.45%	38.73%	0.28%
28	Long Term Debt		3,200,000	48.44%	5.36%	2.60%	38.73%	1.59%
29	Stockholder's Equity		2,782,120	42.11%	11.00%	4.63%		4.63%
30	Total		6,606,505	100.00%		7.68%		6.50%